REMARKS

All pending claims have been amended to more particularly point out and distinctly claim the subject matter of the applicants' invention. Claims 20, and 34-42. have been cancelled, while claims 43-46 have been added. New claims 43-46 are not directed to an invention that is independent and distinct of the invention claimed in the remaining claims.

The specification and Fig. 1 have been amended to correct certain errors noticed in the course of preparing this response. No new matter is intended to be added by these amendments.

Claim Objections

The examiner's objections regarding claims 8, 16-18, and 25 are believed to have been resolved by the current amendment.

Rejections Under § 101

The applicants appreciate the Examiner's suggestions regarding 35 U.S.C. § 101. Although the applicants believe the claims as originally drafted were directed to statutory subject matter, to advance prosecution, the claims have been amended to include reference to a computer processor in various manners. This is believed to resolve the Examiner's rejection under § 101. Applicants reserve the right to seek claims lacking the processor element in a continuation application.

Rejections Under § 102

The Examiner has rejected claims 1-42 as being anticipated by U.S. Patent No. 5,905,975 to Ausubel.

The applicants note that the present invention as claimed is neither disclosed nor suggested by Ausubel because Ausubel does not disclose providing a portion of the resource being auctioned to each bidder having a bid quantity higher than a subsequent submitted bid and then allocating a portion to the new bidder where the cost to the new bidder is determined as function of the price bid by the lower bidders that have not received their entire bidded quantity as a result of the new bid.

As discussed in applicant's previous response, Ausubel is directed to a one time auction of a particular resource and is not capable of continuous re-auctioning of a particular divisible resource, as is applicant's invention.

Additionally, Ausubel does not disclose the auctioning of an arbitrarily divisible resource, such as bandwidth, as recited in claims 1 and 18 as amended.

Further, Ausubel does not disclose the collection of a bid fee from each new bidder as recited in claims 1 and 18 as amended. The use of a bid fee is believed to be advantageous as it can force the bidders to minimize the number of bids and cause auction to converge to an equilibrium solution more quickly than if no bid fee were charged. Given the real-time continuous reallocation possible with the present invention, this is an important consideration.

Finally, Ausubel does not disclose the method for allocating a resource and calculating the cost to a new bidder as recited in new claims 43-45.

For the foregoing reasons, all of the claims are believed to be allowable and applicants respectfully request passage of the application to issue as soon as possible.

Respectfully submitted,

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REPLACEMENT SHEET

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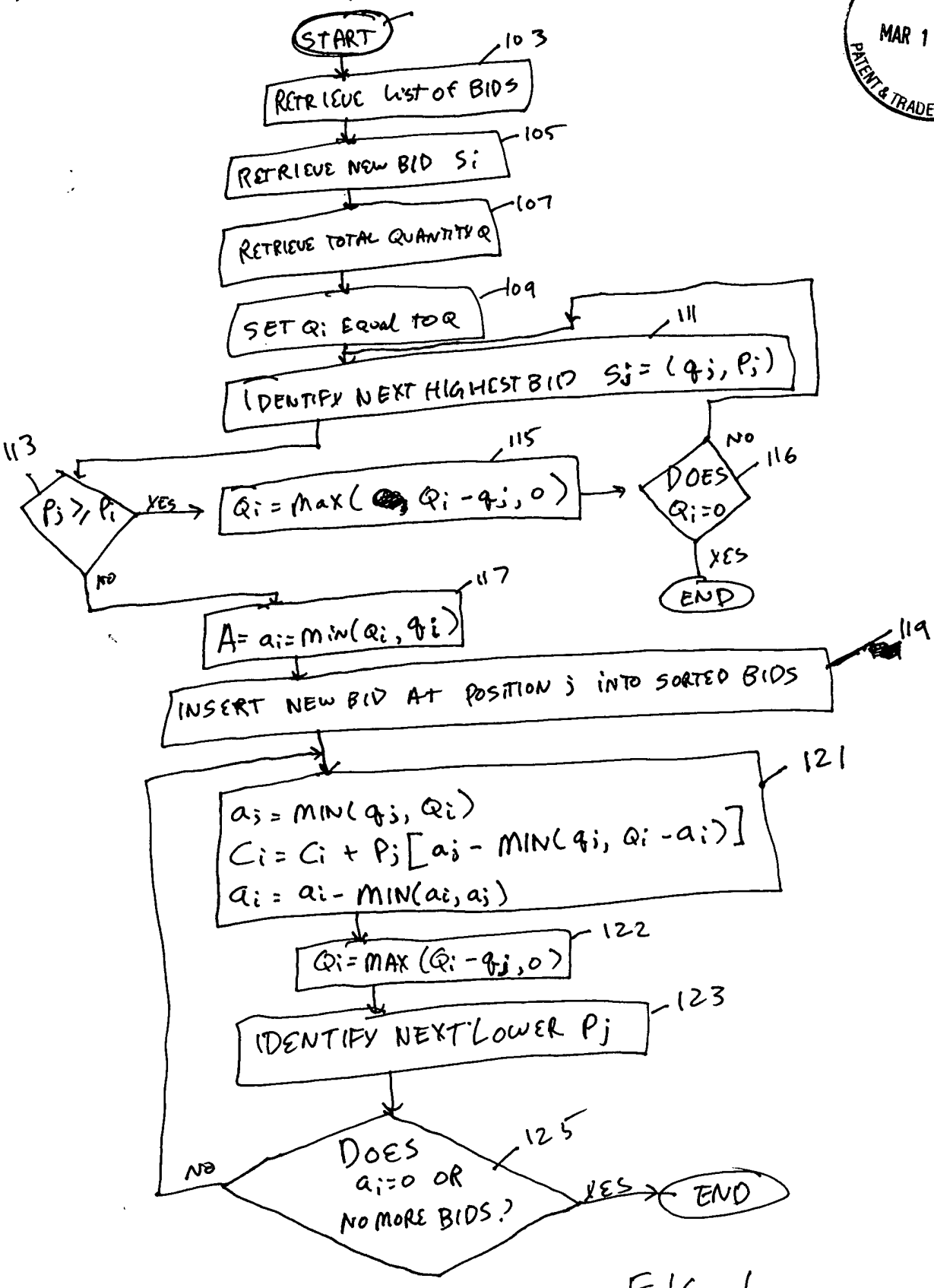

FIG. 1

ANNOTATED MARKED-UP DRAWINGS

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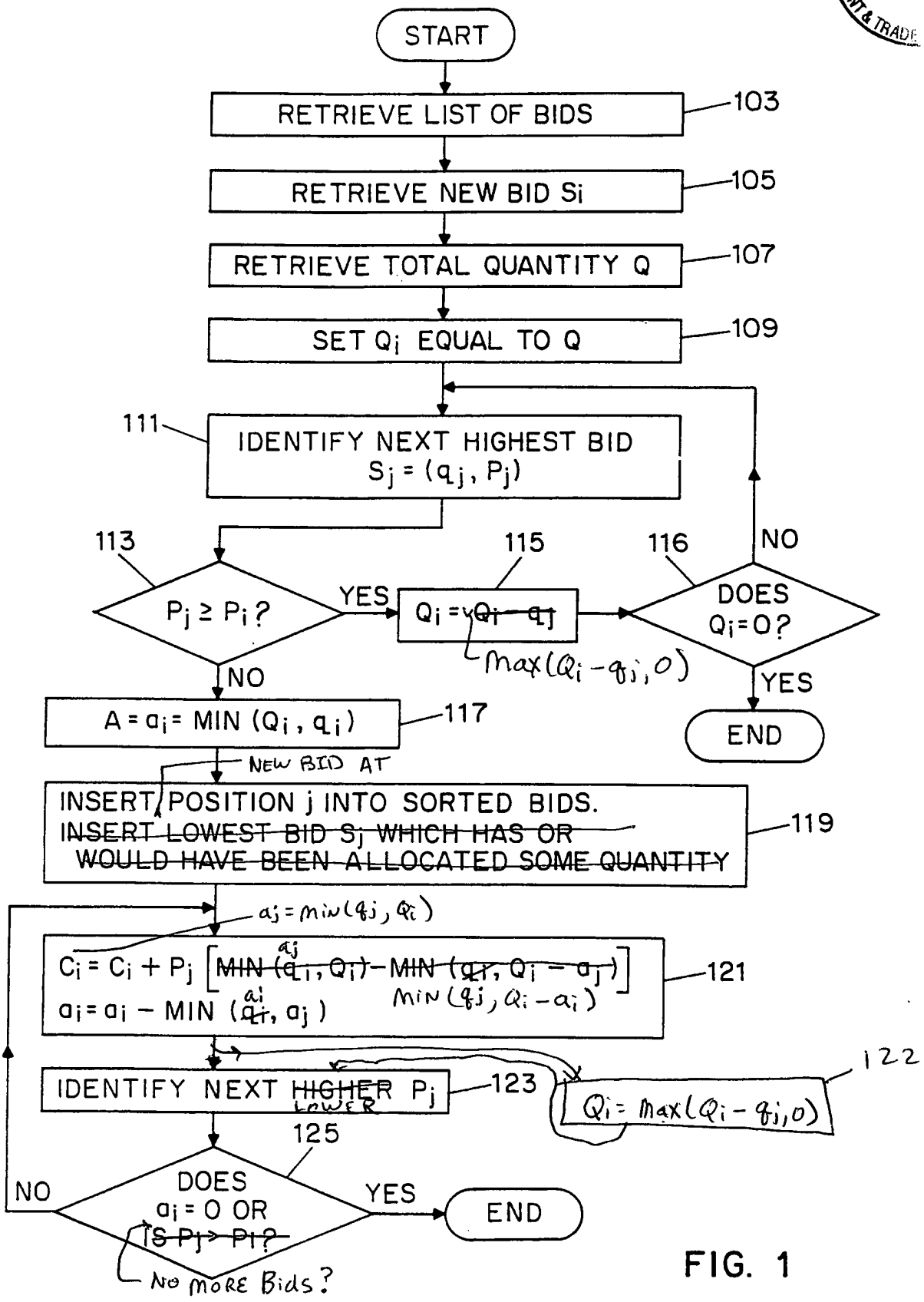

FIG. 1